DOCUMENT RESUME

ED 457 566 EA 031 315

AUTHOR	DeSchryver, David A.
TITLE	Creating a Revolution: From the Boardroom to the Classroom--New Partners in Education.
INSTITUTION	Center for Education Reform, Washington, DC.
PUB DATE	1998-07-00
NOTE	9p.
AVAILABLE FROM	The Center for Education Reform, 1001 Connecticut Ave., NW, Ste. 204, Washington, DC 20036 ($8). Tel: 202-822-9000; Fax: 202-822-5077; Web site: http://www.edreform.com.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Educational Improvement; Elementary Secondary Education; *Partnerships in Education; Politics of Education; Private Sector; Privatization; *Public Schools; *School Business Relationship
IDENTIFIERS	*Reform Efforts

ABSTRACT

A growing number of private companies have emerged with the mission of providing educational services to public schools and districts. Partnerships between public schools and service companies, though not novel, only recently have become high-profile and prolific. Although welcomed by educational reformers, partnerships that involve outsourcing of services have met open resistance from teacher unions such as the National Education Association and the American Federation of Teachers. Reasons for this opposition may include the reshaping of education's culture of accountability to conform with stricter, more rigorous standards, and the threat of undermining educator job security. Actions taken by opponents of outsourcing to maintain the status quo include publishing anti-privatization materials, stopping city plans to turn over management of troubled schools to an educational management company, and stopping state legislation endorsing charter schools. Many parents, communities, and opinion leaders, however, are dissatisfied and angry with the slow pace of educational improvement. In 1990, the Association of Educators in Private Practice was founded to network and support private-practice teachers and private professionals in the teaching field. Although members' operations vary, they share a common perspective: keep a low profile, stay out of the political limelight, and let bigger educational management organizations open districts' doors and fight the battles pitched by hostile interests. (RT)

Reproductions supplied by EDRS are the best that can be made
from the original document.

EA

Center for Education Reform

1001 Connecticut Avenue, NW
Suite 204 • Washington, DC 20036

Tel 202-822-9000
Fax 202-822-5077

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE, AND IN ELECTRONIC MEDIA FOR ERIC COLLECTION SUBSCRIBERS ONLY, HAS BEEN GRANTED BY

C. Braunlich

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

2A

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

July 1998

CREATING A REVOLUTION: FROM THE BOARDROOM TO THE CLASSROOM; NEW PARTNERS IN EDUCATION

ED 457 566

A growing number of private companies have emerged with the mission of providing educational services to public schools and districts. Public school partnerships with private companies are not novel, but only recently have such partnerships become high-profile and prolific. While reformers increasingly welcome private business help, such relationships challenge the security traditionally enjoyed by bureaucracies and education groups, particularly the unions. The recent pace of reform, including the rise of private sector contracting, has increasingly pressured the education establishment to assess and reshape itself, producing predictable resistance to and rhetoric against outside help.

The grumbling comes at a time when the public is fed up with poor public schooling and the need for improvement is obvious. Too many children, especially urban children, have been assigned to an underclass because of inadequate schooling. This disturbing fact, acknowledged by people in both political parties, is underscored by the 1998 Third International Math and Science Study 12th grade results. It shows our seniors rank near the bottom in both math and science in comparison to their international peers. While the National Education Association (NEA) and allies pay lip service to reform, parents, communities and opinion leaders no longer buy it and remain angry at the slow pace of true improvement. They demand that schools refocus their efforts on students, results, and the teaching of strong academics — now.

THE CONTRACTING TREND

Fortunately, public education is experiencing sea changes that are slowly remedying the structures and ideologies that have brought our public schools to their present state of ill-health. Polls show that choice, particularly through public-private arrangements and for the poor, is becoming an option that is widely embraced. At the legislative level, policymakers are responding to public discontent by removing traditional barriers to innovation. Today 34 states including the District of Columbia, allow for charter schools. Additionally, 11 states with the District of Columbia, are home to district-wide partnerships with private management organizations.

EA 031315

BEST COPY AVAILABLE

This means that parents and communities have more choices than ever before. A child's access to educational excellence is much more abundant today than when private industry was out of the education business. Twenty years ago, the notion of private contracting was completely taboo. Now, districts and schools are contracting with service providers for everything from transportation to remedial education to school management. Today, according to The Reason Public Policy Institute's *Privatization 1998*, over 80% of all school districts outsource to private business anywhere from one to four services including transportation and food services. The growth of these business entrepreneurs in American public education has begun to shape a culture of accountability that's slowly gaining acceptance. Yet when the issue turns to the meat of a school — instruction — vested interests cry foul.

Education is a major industry, second only to health care as a percentage of the GNP. Like health care, before it went private, vested interests oppose contracting because it encroaches upon the job security of an entrenched education corps — a job security that has dulled the quality of American schools over the years.

Unions oppose any contract that takes fiscal resources and operational control out of the hands of their membership. Andrea DiLorenzo, the NEA's lead staff associate to monitor and counter reform told the *Education Industry Report*, "In the case of subcontracting...people have jobs with certain benefits and rights, and those are taken away from them. The companies [private providers], by and large have tried to hire people at low wages with few benefits." To help its members fight the "threat" of contracting, the NEA went as far as to publish a guide entitled, *"Contracting Out: Strategies for Fighting Back."* The title clearly suggests that this is not a trend the unions are embracing.

Likewise the American Federation of Teachers (AFT) is set against contracting. In 1996 they published *"Ten Warning Signs Against Privatization."* The warnings include media criticism of schools, neighboring community contracting activities, and political support for contracting. They sound less like signs of oncoming contracting than signs of a troubled school! Nevertheless, the AFT stands firm. [Note: The AFT and it's allies' use of the word privatization is intended to alarm people. In actuality, the contracting work discussed is not without the accountability that the term privatization suggests. In fact it increases accountability across the board.] The 1997 AFT convention resolutions state: "RESOLVED, that the AFT intensify its efforts to combat privatization and contracting out, including expanded membership, education and field training, research, development of material, strategic and technical assistance...and that AFT continue to take the offensive for excellence, encouraging the development of proactive strategies by locals to preempt privatization and contracting out..." It seems clear that job protection is the establishment's priority, and that's where much of their political action tends to take place. The following examples illustrate the point:

- In Dayton, Ohio, the teachers' union squelched a plan to turn over the management of five troubled schools in that city to the for-profit Edison Project, a proposal that had the support of Dayton Superintendent James A. Williams. On April 22, 1998 the Dayton Education Association voted not to reopen contract negotiations, in which Edison had sought to create the operational leeway it needs to turn the schools around. In the May 13, 1998, *Education Week*, Joyce Fulwiler Shawan, president of the 1,900-member affiliate of the NEA, defends the vote: "[Teachers] have worked too long and too hard to get the contract language they've got to give it up." Shawan spoke in defense of labor agreements at the expense of the best education for children.

- Massachusetts officials — cheered on by union lobbyists — are generating propaganda against the growing number of charter schools run by private firms. SABIS Educational Systems Inc., Beacon Management Inc., the Edison Project, and Advantage Schools Inc. have opened, or are planning to open, more charter schools in Massachusetts. Some suggest that charters must adhere to the state's competitive bidding law, and have done so merely to throw a wrench in the growth of charter school contracting. The state Deputy Education Commissioner, Scott Hamilton, says that public bidding laws do not apply to charters because they are state, rather than municipal entities. Lawmakers also filed a bill in March to ban for profit charter schools while clamoring for the investigation into the state's bidding laws.

- When unions cannot stop state charter school legislation dead in its tracks, as they did in Washington State for the 4th year in a row, the unions and its allies are mustering their forces to make significant changes to the proposed or existing legislation that remove much of the freedom charters have to operate. For example, in Minnesota's 1997 legislative session, the House passed a bill pushed by the Minnesota Education Association that forbid charters from contracting for instructional services with private, for-profit firms. Common sense won and the legislation did not make it any further through the process.

- In March 1998, the North Carolina State Board of Education rejected the application of the Bear Grass Community Charter School in Martin County, NC, though the school had received the recommendation of the board's Charter School Advisory Committee, the director of the Department of Public Instruction's Charter School Office, and the preliminary approval of the board itself. More than 900 students had signed up to enter the school, which has slots for only 700. Those applicants represent more than 85% of the students in the Bear Grass School District. The school has the support of Martin County's entire legislative delegation, several county commissioners, local school board members and U.S. Rep. Walter Jones, Jr. Moreover, two local school board members publicly disagreed with the impact statement signed by the school board chairman, and said that the full board never approved the statement. The official reason for rejecting the application was because the school would have

negatively impacted the Martin County school system. The 700-student school would have drawn away about 14% of the public school system's student body. After intense pressure the board had no choice but to reverse its decision. To the satisfaction of the community, the school will open in 1999.

- In New Jersey, hostile school boards challenged the approval of several charters that planned to involve education management groups. While most of the school contracts remain intact, the opposition caused an unnecessary public outcry against private contracting.

Hostility toward educational innovation is a result of the shift in accountability and fiscal control that contracting represents. Opening up public education to entrepreneurs shifts resources (read money) and security (read jobs) away from the unions and the education establishment. No longer can unions treat public schools like a jobs program, and no longer can they be the sole judges of quality. The shift of resources in contractual agreements brings focus to the quality of service — and the judgments have teeth. With contractual performance agreements, parents and community members can better evaluate and respond to the quality of their local schools, and, where school choice is present, they can move their kids to the better school. Without guaranteed resources, schools lose that no-questions-asked security, and are held accountable for the quality of service that they provide. This all means that, under the pressure from contracted-out services, district central offices and unions have to re-evaluate and improve their services quickly and measurably if they are to remain in control. And in most cases, private companies have demonstrated that success depends upon a competitive environment that is rarely delivered through a monopoly.

EDUCATIONAL SERVICES: DOING WELL BY DOING GOOD

The emerging industry is both well intentioned and profitable. The educational services sector consists of organizations that provide services to public, as well as private schools, and the training and development markets. Parents and communities are dissatisfied with failing schools, especially in urban areas where problems are particularly prevalent, and are demanding that schools be held accountable. Thus, they turn to the new industry for help. Much of this new crop of business is managing schools with an eye toward efficiency and quality, knowing that their success is dependent upon satisfaction and results. While non-profit services continue to build good education models, it is the for-profit sector that appears most ready to "step-up" and challenge the status quo. Quietly, many districts are turning to the private sector to address the problem of low performing students. The early results after three years of activity, show that trying to make money, pay taxes, and do good things all at once, are not mutually exclusive.

- **Example 1:** Since 1987 Minnesota has offered a High School Graduation Incentive Program that allows families of academically at-risk students to choose one of several state contracted private schools or another public school. Districts

themselves are contracting with private schools to provide schooling to "disruptive youngsters." The use of the program is increasing, indicating that at-risk students are becoming more aware of their options and are taking advantage of programs that better serve their needs, and districts are recognizing their need and responsibility to provide these students with real education opportunities.

- **Example 2:** Texas legislators in 1993 enacted legislation that permits public schools to contract for educational services for special student populations. Several districts and youth service agencies in the state began trying out their new found freedom right away. But the biggest break in the dam came in January 1997, when Community Education Partners signed a contract with the Houston Independent School District (HISD) to educate 450 middle and high school students with behavior and academic problems. For $7,500 per pupil per year, much less than the cost of operating HISD's alternative middle school for problem adolescents, Community Education Partners *guarantees* to improve each student's achievement by at least 2 grade levels per year or to re-educate them at no cost to HISD.

  Houston school officials are also working with PLATO mathematics courseware to raise the scores of low-achieving students who are at various levels of math ability. PLATO was selected based on its strong alignment to the district's algebra objectives and its proven results across the state in raising test scores on the Texas Assessment of Academic Skills (TAAS) exam. Three pilot high schools will use PLATO for instruction in the district's technology-based Algebra One Project to prepare 9th grade students for the End-of-Course algebra exam. In addition to the PLATO labs, each instructor will receive a new laptop computer with PLATO installed to facilitate individualized instruction. Each classroom also receives a PLATO license for whole-group instruction on a large screen television from the teacher's laptop.

  Paradigm Alternative Center (PAC) in Dublin, TX, is a successful last-chance-education program serving about 110 students a year. Operated by Dr. Ron Johnson and his wife, PAC developed after the 1993 legislation to serve seriously at-risk students. PAC offers a successful recipe of familial structure, discipline, trust, and dedication that makes the program a model being replicated across the state.

- **Example 3:** Companies such as SCORE!, a Kaplan, Inc., company based in San Francisco, are contracting with their neighborhood districts to provide supplemental education centers where kids study math, reading, spelling, and science. The services provide one-on-one tutoring that the public schools often can not, and have improved individual student academic achievement levels so much as to boost the overall academic progress of the schools and the efficacy of its teachers. In some cases, the children are being bused directly from the school to the SCORE! learning centers, and in other cases, SCORE! locates itself right on

the campus. For example, at the Sonoma Charter School in Sonoma, CA, SCORE! provides tutoring in reading and math to all students during the school day, at the expense of the charter school, and operates as a commercial tutorial service, in the school, after hours and on weekends. Through this partnership, the school provides the computers and software, and shares in SCORE!'s profits from its after-school services. Students work on educational software with full-time academic coaches to improve academic skills and self-confidence.

- **Example 4:** Sylvan Learning Centers provide personalized educational services for economically disadvantaged students in partnership with public and non-public schools, corporations and other institutions. (They also offer private tutoring at hundreds of facilities nationwide.) Sylvan currently provides Title I services for remedial education in 33 public school districts. Thirty-two schools in the Los Angles Unified School District are the most recent addition. In addition to the supplemental services to children, Sylvan will provide 165 Los Angeles teachers with comprehensive training in personalized tutoring and techniques for teaching reading. Such staff development services, a growing aspect of Sylvan's services, avails these teachers of the Sylvan methods that have brought success to students and schools in cities such as Compton CA, New York NY, Philadelphia PA, and Chicago IL. Like SCORE!, Sylvan improves individual student academic achievement levels so much as to boost the overall academic progress of the schools.

  Along with SCORE! and Sylvan, Huntington Learning Centers, Kumon Math and Reading Centers, and many regional and community based services provide parents and districts assistance in raising student achievement.

- **Example 5:** Companies serving at-risk students have experienced exceptional growth over the last few years. While many are non-profit organizations like the Buffalo Parent Center in Buffalo, NY, others prefer operating as for-profits to retain employees and to facilitate growth. In 1997, according to John McLaughlin, president of the Education Industry Group, four private companies, two public companies, and a handful of regional companies educated about 125,000 at-risk students nationwide. They include companies like Youth Services International, Inc., and Children's Comprehensive Services, Options for Youth, Kids1, Richard Milburn High School, Inc. and Ombudsman, Inc.

  For instance, Ombudsman Education Services contracts with districts in 10 states to educate students who are in danger of dropping out of the system for academic and behavioral reasons. Ombudsman receives $3,000 to $4,000 per enrolled student – well below the average $5,000 to $8,000 per student these states spend in the public schools – yet boasts an 85% success rate with the district's most difficult students. Over the course of the year, Ombudsman enrolls over 4,000 at-risk students from more than 100 school districts, including Mesa, AZ, to Miami, FL, to Wolfeboro, NH.

- **Example 6:** Finally, an estimated 19,000 children are being educated by private education management companies that manage entire schools. Wall Street analysts have dubbed them education management organizations (EMOs). By the fall of 1998, EMOs will operate nearly 100 charter schools in Arizona, California, Colorado, Michigan, Minnesota, Massachusetts, North Carolina, Illinois, New Jersey, and Pennsylvania, and the District of Columbia. The significant national players are Advantage Schools, Beacon Educational Management, National Heritage Academies, Ombudsman Alternative, SABIS International, The Edison Project, The Leona Group, and The TesseractT Group. Activity among smaller newer companies like Mosaica Inc., is also on the rise.

  Achievement data is beginning to pour in from some of the private partnerships that have been around longest. The Edison Project, founded in 1991, is the country's leading and largest private manager of public schools. In the 1996-1997 school year they operated 25 schools, including 12 charter schools, in 13 cities. In 1998-1999, Edison plans to take the reigns of 23 more schools in an additional 12 cities, serving a total of about 23,000 students, up from 12,500 last year.

  Edison is beginning to accumulate substantial academic data from its schools and the results are promising. Primary reading achievement studies show that students who began at an Edison school in kindergarten or first grade are consistently developing stronger reading skills than their public school peers. Fifth grade students at Dodge-Edison Elementary School in Wichita, Kansas, who have been in Edison's program for two years, have raised their test scores more than 25 percentile points on average, against national norms.

  Other companies, founded by entrepreneurial educators and civic-minded business leaders, have sprung up in charter schools states to take advantage of the new-found opportunities to provide quality public schooling without the bureaucratic red-tape.

- National Heritage Academies (NHA), formerly the Educational Development Corporation, established in 1995 by J.C. Huizenga, serves 2,200 students at 8 charter schools located around Grand Rapids and Holland, Michigan. The schools offer a structured and disciplined academic environment that provides a back-to-basics, liberal arts curriculum that focuses on math and English, with a secondary emphasis on history, science, and the arts. Their program is demonstrating success. For example, the EXCEL Charter Academy exceeded statewide averages in all categories as measured by the Metropolitan Achievement Test (MAT). Such progress has paved the way for NHA's expansion, including the opening of 5 new schools in western Michigan in fall 1998, about 12 new schools in 1999 and another 20-25 in select charter states by 2000.

- Mosaica, Inc., founded in 1997 by an educator and entrepreneur who used to run a company that developed and operated child-care centers, seeks to manage 20 charter and other public schools by the turn of the century. Mosaica offers a content rich curriculum that converges high-tech requirements of modern life with the classic values of the humanities.

EVEN ENTERPRISING TEACHERS WANT IN

In 1990, the Association of Educators in Private Practice (AEPP) was founded by a small group of enterprising educators in Wisconsin to network and support like-minded private-practice teachers and private professionals working in the teaching field. Today, the association has over 600 members nationwide. AEPP members provide services ranging from tutoring students in a school classroom, to offering independent teaching services by contracting directly with parents, to providing adult education and high school tutoring services from neighborhood locations such as a food market. Though members' operations vary, they often share a common perspective: keep a low profile, stay out of the political limelight, and let bigger fish, like the large EMOs with the fiscal and administrative wherewithal, open districts' doors and fight the battles pitched by unions and other entrenched special interests hostile to 'interlopers.' "There's no doubt the industry is growing," says AEPP executive director Chris Yelich, "but it's also a political issue, so many of our members keep a lid on their contracts." Clearly, this cadre of individual entrepreneurs is growing steadily, delivering educational success, and enjoying client satisfaction, but without the publicity that may threaten those relationships.

CONCLUSION

While national movements for school accountability, educational choice and curriculum reform aim to bring about long term, comprehensive changes in the education system, innovative educators, parents, and civic and business leaders are taking matters into their own hands to bring quality education into their neighborhoods with minimum government involvement and without delay. In the process, these education entrepreneurs are changing the face of education in America, and setting precedents for community, corporate and personal initiatives across the country.

David A. DeSchryver
Policy Analyst
July 1998

This paper is the first in a series and explains the role of the private sector in public education. For additional information on these and other educational reform programs, contact The Center for Education Reform by calling (202) 822-9000, or look us up on our website "edreform.com."